

FIRST FOREIGN RETAILER TO PLAN 100%-OWNED OPS

Pavers Seeks Nod to Walk it Alone in India

British footwear co to invest \$20 m to set up local chain

PARAMITA CHATTERJEE & CHAITALI CHAKRAVARTY

NEW DELHI

UK-based footwear company Pavers Ltd, which sells premium leather footwear under the Pavers England brand, has become the first foreign retailer to seek government approval to operate without a local partner after 100% foreign investment was allowed in single-brand retail.

Pavers has approached the Foreign Investment Promotion Board (FIPB), the nodal agency that clears investments entering India, with a proposal to invest \$20 million through its joint venture with London-based Foresight Group, a person with direct knowledge of the development said.

Pavers so far had wholesale operations in India and had appointed Triton Retail as the master franchisee

Pavers had formed a joint venture with the Foresight Group, a \$500-million diversified conglomerate, in 2008 to explore growth opportunities in India. The venture launched wholesale operations in the country and appointed Triton Retail as the master franchisee to sell its range of men's and women's shoes and accessories.

Once it gets clearance from the FIPB to open its own stores, Pavers is expected to consolidate franchisee operations under itself, the person said.

An email sent to Pavers did not elicit any response till late on Sunday.

The government allowed 100% FDI in single-brand retail in November 2011. Prior to that, foreign holding in single-

Taking the First Step

-  **The 100% FDI policy in single brand hasn't enthused foreign brands because it asks them to source 30% of the goods they sell in India from SMEs**
-  **Swedish retailers Ikea and H&M have put off plans to open stores in India due to this rider**
-  **Footwear & garment brands may find it easy to meet the 30% local sourcing rider because many SMEs operate in these sectors**
-  **Some foreign retailers including Pavers have sourcing agreements with Indian SMEs**

brand retail was capped at 51%.

However, the policy that came into effect from January hasn't enthused foreign brands because of a rider that mandates them to source 30% of the goods they sell in India from small and medium enterprises (SMEs).

This clause will become applicable if the foreign investment in an Indian company goes beyond 51%.

This condition has forced Swedish retailers Ikea and H&M to put off plans to open stores in India.

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Industry ministry says it's open to review, revise and even waive the clause. >> 13